GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

STARRED QUESTION NO:63
ANSWERED ON:18.07.2002
HIKE IN PRICES OF DIESEL AND PETROL
KAMBALAPADU E. KRISHNAMURTHY;VIJAY KUMAR KHANDELWAL

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether prices of petrol and diesel were further increased in the first week of June this year;

(b) if so, the details thereof and the reasons therefor;

(c) the estimated increase in revenue thereby and the extent to which it would reduce the deficit in oil bill;

(d) whether with the increase in prices, the excise duty leviable on petrol and diesel was decreased to counter the impact of rise on international prices of oil;

(e) if so, the extent to which it is likely to match the international prices of oil;

(f) whether the need for increase in these prices was again felt;

(g) if so, the details thereof; and

(h) the steps taken by the Government to check the rise of prices of petrol and diesel frequently?

Answer

MINISTER OF PETROLEUM & NATURAL GAS (SHRI RAM NAIK)

(a) to (h): A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (h) OF THE LOK SABHA STARRED QUESTION NO.63 T
ANSWERED ON 18TH JULY 2002 REGARDING HIKE IN PRICES OF DIESEL AND PETROL

(a) to (h): On 1st March, 2002, the Government had reduced the retail selling price of petrol and diesel by around Rs.1.00 per litre and Rs.0.50 per litre respectively. Later, the oil companies increased the retail selling price of petrol and diesel by around Rs.2.50 per litre and Rs.1.50 per litre respectively from 4th June, 2002 and by around Rs.0.25 per litre for each products from 16th June, 2002, taking into account the increase in the international oil prices.

Simultaneously, with a view to partially contain the impact of the increase in the average Indian crude oil basket price, from around US $19.50 per barrel for the month of February, 2002 to around US $25 per barrel for the month of May, 2002, on the retail price of petrol and diesel, the Government reduced the excise duty rate on these products by 2% each from 4th June, 2002.

Based on estimated June, 2002 sales volume, the aforesaid changes in prices would result in an increase in the revenue of the oil marketing companies by around Rs.700 crore per month. As regards the reduction in the oil pool account deficit, with the dismantling of Administered Pricing Mechanism (APM), the oil pool account has been wound up effective 1st April 2002.

Further, after the dismantling of the APM, the public sector oil companies are fixing the consumer prices of petrol and diesel after taking into consideration the prevalent international oil prices.